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TREASURY FOR OASIA - MILLS AND LEICHTER
CPA BAGHDAD PLEASE PASS CJTF-7

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SUBJECT: TURKISH CHAMBER OF COMMERCE PLEASED WITH BAGHDAD VISIT

1. (SBU) Summary: Turkish Union of Chambers (TOBB) advisor Guven Sak told us February 13 that TOBB was very pleased with its February 9 visit to Baghdad, and was considering possible follow-up visits to Kirkuk and perhaps other cities. Sak expressed appreciation for CPA's and CJTF-7's efforts to support the visit, including by providing security for the delegation. TOBB is particularly interested in helping efforts to develop the Iraqi private sector and in resolving several "small" problems that currently hinder trade: extra fees charged on the Iraqi side of Habur Gate; the lack of security on the roads for Turkish truckers; the lack of secure parking areas near major cities; and the lack of secure warehouse for depositing and storing goods. End Summary.

2. (SBU) Professor Guven Sak, advisor to the Turkish Union of Chambers of Commerce and Exchanges (TOBB), gave us a read-out February 11 on TOBB's February 9 visit to Baghdad. He said TOBB's leadership was very pleased with the visit, and expressed particular appreciation for CPA's and CJTF-7's efforts to support the visit, particularly via provision of "great" security. Sak said the delegation came away with the impression that the USG has subtly shifted its view of Turkey's role in Iraq, and now supports a greater Turkish role in Iraq's economic reconstruction. We responded that the USG has always welcomed a positive, constructive Turkish role in Iraqi reconstruction.

3. (SBU) Sak said the delegation had raised numerous issues with Ambassador Bremer and others in Baghdad. A high priority for TOBB is to help develop the Iraqi private sector. To that end, the delegation had asked CPA for help in finding a local business executive to head the Iraqi side of the Turkey-Iraq Business Council. As an immediate follow-up, a delegation of Turkish suppliers plans to travel to Baghdad in March to meet with the Iraqi Contractors' Federation (Sak was not sure if that was the group's official name). TOBB also understood that CPA had agreed to organize a meeting in April (also in Baghdad) between Turkish suppliers and the primary contract winners.

4. (SBU) Sak said the delegation had pushed for the USG to award at least one primary contract to a Turkish company, arguing that this would allay continuing Turkish concerns about whether they were being given a fair shot at contracts. We responded that this was "old think." TOBB needed to get away from the notion that contracts should be awarded for political reasons. The USG had taken numerous steps in recent months to ensure Turkish companies had every opportunity to compete for contracts, and Turkish industry should be confident that it can compete on merit.

5. (SBU) The TOBB delegation, per Sak, pressed for resolution of four "small" problems that Turks believe are hindering the developing of Turkish-Iraqi trade:

-- illegal fees being charged Turkish trucks once they pass through Habur Gate. Sak said officials on the Iraqi side of the border even had a printed list of the fees to be charged for various types of cargo. He acknowledged that the existence of these fees was partly Turkey's fault, as the Turks had negotiated such a system with the KDP in the "old days." Still, the systematic collection of such fees along the Turkish-Iraqi border -- but not on Iraq's other borders -- constituted a discriminatory trade practice.

-- the continuing lack of security for Turkish truckers as

they drive through northern Iraq to deliver and pick up goods. Sak suggested that providing Iraqi license plates to the trucks, if only for the Iraq portion of their journeys, would help a great deal.

-- the lack of secure parking areas outside large cities. Without a safe place to stay overnight at their destinations, Turkish truckers were very hesitant to carry goods more than a short distance into Iraq.

-- the lack of secure warehouses. Sak argued that, for trade to develop in central and southern Iraq, it is essential that the Iraqis/CPA build a network of secure warehouses where goods can be deposited and stored.

16. (SBU) Sak said the Commander of Coalition Forces in Kirkuk had invited Turkish businesses to visit Kirkuk to look at business opportunities. TOBB is now considering whether and when to visit Kirkuk, as well as other cities to which they had been invited (Erbil, Basra). We stressed the USG's interest in efforts to promote Iraqi reconstruction in general and Turkish-Iraqi economic relations specifically, but noted that some of the TOBB delegation's actions in Baghdad -- not sticking to the schedule, adding delegation members at the last minute, insisting on numerous smoking breaks -- had not been helpful. Schedule changes and demands that might be manageable in Istanbul or New York were not easily managed in Baghdad, and visiting delegations needed to keep that in mind. Sak acknowledged the point.

EDELMAN